

08-29-2007



REC  
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103440461

OFFICE OF PUBLIC RECORDS

AUG 23 AM 12:21

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

9-28-07

1. Name of conveying party(ies):

THE CIT GROUP/  
COMMERCIAL SERVICES, INC.

- Individual(s)
- General Partnership
- Corporation- State: NEW YORK
- Other
- Association
- Limited Partnership

Citizenship (see guidelines)

Additional names of conveying parties attached?  Yes  No

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached?  Yes  No

Name: INTERBRAND LLC

Internal

Address:

Street Address: 225 DUPONT STREET

City: PLAINVIEW

State: NEW YORK

Country: U.S.A. Zip: 11803

Association Citizenship

General Partnership Citizenship

Limited Partnership Citizenship

Corporation Citizenship

Other Limited Liability Company Citizenship NEW YORK

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)

3. Nature of conveyance / Execution Date(s) :

Execution Date(s) 8/16/07

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

78397, 388

B. Trademark Registration No.(s)

SEE ATTACHED

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

SEE ATTACHED

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: MR. ROBERT MCMEEKIN

Internal Address:

Street Address: 225 DUPONT STREET

City: PLAINVIEW

State: NEW YORK Zip: 11803

Phone Number: (516) 349-3013

Fax Number: (516) 349-8247

Email Address: RMCMEEKIN@INTERBRANDLLC.COM

6. Total number of applications and registrations involved:

7

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ \$280.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers \_\_\_\_\_  
Expiration Date \_\_\_\_\_

b. Deposit Account Number \_\_\_\_\_

Authorized User Name \_\_\_\_\_

0000158896

\$90.00

CHECK REFUND TOTAL: 10

9. Signature:

8/19/07

Date

DOUGLAS M. LIEBERMAN

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents

08/28/2007 NJAMA1 00000130 78397388

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

01 FC:8521  
02 FC:8522

150.00 OP

08/28/2007 NJAMA1

TRADEMARK

REEL: 003612 FRAME: 0351

U.S. Trademark Applications/Registrations Being Assigned

| Mark            | Serial No. | Filing Date       | Registration No. | Registration Date |
|-----------------|------------|-------------------|------------------|-------------------|
| THE RIGHT TRAIL | 78/397,388 | April 6, 2004     | 2,979,972        | July 26, 2005     |
| TIMBER FALLS    | 76/224,090 | March 13, 2001    | 2,847,978        | June 1, 2004      |
| COMFOR-TOES     | 74/568,071 | August 31, 1994   | 1,916,592        | September 5, 1995 |
| SUPER SOX       | 73/838,974 | November 14, 1989 | 1,887,208        | April 4, 1995     |
| IN-STEP         | 73/666,220 | June 12, 1987     | 1,533,203        | April 4, 1989     |
| BAY HEAD        | 73/458,861 | December 27, 1983 | 1,349,510        | July 16, 1985     |
| SUPERBILT       | 73/014,991 | March 4, 1974     | 1,007,428        | March 25, 1975    |

**BILL OF SALE AND ASSIGNMENT**

THIS BILL OF SALE AND ASSIGNMENT is made the 16<sup>th</sup> day of August, 2007, by and between THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation ("CIT"), and INTERBRAND LLC ("Purchaser").

**WITNESSETH:**

**WHEREAS**, CIT, as factor and lender, and Paul Lavitt Mills, Inc., a North Carolina corporation (the "Debtor"), as client and borrower, are parties to certain factoring and loan documents (the "Factoring Documents"), pursuant to which CIT made loans and advances and extended credit to the Debtor secured by liens in certain of the assets of the Debtor, all as more particularly set forth therein;

**WHEREAS**, because of certain defaults arising under the Factoring Documents, CIT as secured party offered for sale all of the accounts, inventory and general intangibles of the Debtor at a public foreclosure sale (the "Foreclosure Sale") conducted by CIT under the Uniform Commercial Code of the State of North Carolina, N.C.G.S. §25-9-101 *et. seq.* (the "UCC"), and the Factoring Documents;

**WHEREAS**, in a bankruptcy proceeding commenced in the United States Bankruptcy Court for the Western District of North Carolina against Debtor, pursuant to an Order dated March 15, 2007, CIT was granted relief from the automatic stay to allow CIT to, among other things, foreclose on its collateral;

**WHEREAS**, CIT was the highest bidder at such Foreclosure Sale and, pursuant to the UCC, received all of the Debtor's rights in such property and, as a result, CIT is the lawful and rightful owner of the Property;

**WHEREAS**, the Purchaser wishes to purchase from CIT, all of the trademarks previously owned by the Debtor, which are more fully set forth in Schedule A annexed hereto and made a part hereof, together with all of the goodwill associated with such trademarks and any and all common law rights in and to such marks (the "Property") for a purchase price of \$50,000 (the "Purchase Price") and otherwise upon the terms and subject to the conditions set forth herein;

**WHEREAS**, CIT, its agents and subsequent purchasers (the "Users") wish to use the Property in order to liquidate the inventory previously owned by the Debtor which CIT purchased at the Foreclosure; and

**WHEREAS**, concurrently herewith, the Purchaser has caused the Purchase Price to be paid to CIT and CIT now wishes to sell and transfer to the Purchaser all of CIT's right, title and interest in and to the Property;

**NOW, THEREFORE**, for and in consideration of the premises, the payment to CIT of the Purchase Price, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. CIT does hereby bargain, sell, assign, transfer and convey to the Purchaser, and the Purchaser hereby accepts, all of the Debtor's right, title and interest in and to the Property subject to any and all ad valorem and other taxes.

**THE PROPERTY IS SOLD AS IS, WHERE IS AND WITH ALL FAULTS AND WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED.**

2. The purchase price hereunder shall be payable as follows: \$25,000.00 upon execution of this Agreement; \$25,000.00 on or before February 7, 2008.

3. CIT warrants and represents that (i) it has not sold, transferred, assigned, liened or otherwise encumbered the Property; (ii) there currently are no liens or encumbrances on the Property; and (iii) it is the owner of the Property, and acknowledges that Purchaser is entering into this agreement on the basis of such representations.

4. Collectively annexed as Exhibit B hereto are true and accurate copies of (i) the Court Order of United States Bankruptcy Court for the Western District of North Carolina dated March 15, 2007, pursuant to which CIT was granted relief from the automatic stay to allow CIT to, among other things, foreclose on its collateral; (ii) the Court Order of United States Bankruptcy Court for the Western District of North Carolina dated May 15, 2007, dismissing the bankruptcy proceeding against Debtor; and (iii) Notice of Disposition of Collateral at Public Foreclosure Sale dated May 25, 2007.


5. The Purchaser agrees that CIT and each other User may use the Products for the purpose of selling, distributing, advertising and marketing the inventory previously owned by the Debtor purchased by CIT at the Foreclosure Sale and hereby grants each User a non-exclusive right to use the Property for the limited purpose of selling, distributing, advertising and marketing in any manner the inventory purchased by CIT at the Foreclosure Sale. The use of the Property shall be limited to the sale and distribution of such existing inventory. Nothing herein shall permit any User to use the Property in any other manner or for any other purpose. The Purchaser shall not be entitled to any compensation, royalties or other sums from any Users use of the Property provided such use is limited as set forth herein.

6. This Bill of Sale and Assignment shall be binding upon, and inure to the benefit of, CIT and the Purchaser and their respective successors and assigns; and shall be governed in all respects by and construed in accordance with the laws of the State of North Carolina.

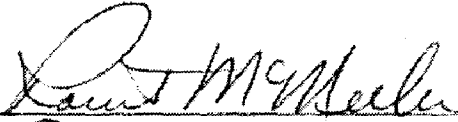
7. CIT shall cooperate with Purchaser in connection with Purchaser's assignment of the Property of record with the United States Patent & Trademark Office (PTO) and shall execute any documentation necessary to effectuate such assignment and provide any supporting documentation which is in its possession. In the event that the PTO will not assign of record to Purchaser the trademarks SUPER SOX (Registration No. 1315231), TIMBER FALLS (Registration No. 1309662) and SUPERBILT (Registration No. 1273371) within nine months from the date of this Agreement, CIT will refund the full Purchase Price to Purchaser and this Agreement shall be deemed void.

IN WITNESS WHEREOF, the parties have caused this Bill of Sale and Assignment to be duly executed and delivered under seal on the day and year first above written.

**THE CIT GROUP/COMMERCIAL SERVICES, INC.**

By:   
Name: WILFRED OLIVENCIA  
Title: Senior Vice President

**INTERBRAND LLC**

By:   
Name: ROBERT MCMEEKIN  
Title: PRESIDENT / CEO

| Mark            | Serial No. | Filing Date     | Registration No. | Registration Date | Class                                  | Goods      | Status |
|-----------------|------------|-----------------|------------------|-------------------|--|------------|--------|
| PLM             | 78/677,461 | July 25, 2005   | 3,112,037        | July 4, 2006      | Socks and stockings in Class 25        | Registered |        |
| URBAN PREP      | 78/650,839 | June 15, 2005   | N/A              | N/A               | Socks in Class 25                      | Abandoned  |        |
| THE RIGHT TRAIL | 78/397,388 | April 6, 2004   | 2,979,972        | July 26, 2005     | Socks in Class 25                      | Registered |        |
| TIMBER FALLS    | 76/224,090 | March 13, 2001  | 2,847,978        | June 1, 2004      | Socks in Class 25                      | Registered |        |
| STRETCH EZEEL   | 75/127,687 | July 1, 1996    | 2,047,988        | March 25, 1997    | Women's socks in Class 25              | Registered |        |
| COMFOR-TOES     | 74/568,071 | August 31, 1994 | 1,916,592        | September 5, 1995 | Hosiery, socks, and tights in Class 25 | Registered |        |
| SAI             | 74/505,267 | March 25, 1994  | 1,899,025        | June 13, 1995     | Compression shorts,                    | Registered |        |

TRADEMARK

Please note that the records do not indicate that the mandatory Declaration of Use was filed between March 25, 2002 and March 25, 2003. Therefore, though the mark is listed as being "Registered", in all likelihood the registration was cancelled and the records are incorrect

Renewal due on September 5, 2015

|                        |            |                   |           |                 |  |  |
|------------------------|------------|-------------------|-----------|-----------------|--|--|
|                        |            | 1994              |           |                 | support briefs, sweatbands, headbands, wrist bands, women's sports panties, socks, warmup suits and tights in Class 25                             | Renewal due on June 13, 2015               |
|                        |            |                   |           |                 | Racquet grips, elbow supports and wrist supports for exercise, men's supporters and sport gloves, namely tennis and racquetball gloves in Class 28 |  |
| EARTH AWARE BY IN-STEP | 74/503,483 | March 11, 1994    | N/A       | N/A             | Socks in Class 25  | Abandoned                                  |
| EARTH AWARE            | 74/479,655 | January 14, 1994  | N/A       | N/A             | Socks in Class 25  | Abandoned                                  |
| HOME WEAVE & Design    | 74/372,352 | March 29, 1993    | 1,814,987 | January 4, 1994 | Hosiery and socks in Class 25  | Abandoned                                  |
| SUPER SOX              | 73/838,974 | November 14, 1989 | 1,887,208 | April 4, 1995   | Hosiery in Class 25  | Registered                                 |
| IN-STEP                | 73/666,220 | June 12, 1987     | 1,533,203 | April 4, 1989   | Socks in Class 25  | Registered<br>Renewal due on April 4, 2015 |
|                        |            |                   |           |                 |  | Renewal due on April 4, 2009               |

|                                    |            |                  |           |                   |  |  |
|------------------------------------|------------|------------------|-----------|-------------------|--|--|
| MR. SOX                            | 73/663,431 | May 29, 1987     | 1,471,501 | January 5, 1988   | Ladies', misses', boys' and mens' hose in Class 25   | Registered<br>Renewal due on January 5, 2008   |
| LOOKMAKERS                         | 73/663,583 | May 29, 1987     | 1,502,285 | August 30, 1988   | Socks in Class 25  | Registered<br>Renewal due on August 30, 2008   |
| Panda Bear Design                  | 73/652,247 | March 30, 1987   | 1,465,590 | November 17, 1987 | Hosiery, namely, infants', toddlers' and childrens' panty tights in Class 25   | Registered<br>Renewal due on November 17, 2007   |
| BETTERWEAR                         | 73/650,645 | March 23, 1987   | 1,473,246 | January 19, 1988  | Hosiery, namely, infants and toddlers tights, girls, boys and misses dress socks, anklets, knee-highs, and sport socks in Class 25 | Registered<br>Renewal due on January 19, 2008  |
| THE KNIT SOX COLLECTION (Stylized) | 73/626,883 | October 27, 1986 | N/A       | N/A               | Socks in Class 25  | Abandoned  |
| WORLD OF LEISURE                   | 73/605,622 | June 23, 1986    | 1,433,996 | March 24, 1987    | Socks in Class 25  | Registered<br>Renewal was due on March 24 2007 and the renewal has not been filed. There is a six (6) month grace period until September 24, 2007 in order to file the renewal |
| WOODSMAN'S                         | 73/605,623 | June 23,         | 1,436,508 | April 14, 1987    | Socks in Class 25  | Registered   |

TRADEMARK

REEL: 003612 FRAME: 0358



|                     |            |                      |           |                  |   |            |   |
|---------------------|------------|----------------------|-----------|------------------|---|------------|---|
| CHOICE &<br>Design  |            | 1986                 |           |                  |   |            | Renewal was due on April 14, 2007 and the renewal has not been filed. There is a six (6) month grace period until October 14, 2007 in order to file the renewal |
| WOODMAN'S<br>CHOICE | 73/605,628 | June 23,<br>1986     | 1,435,666 | April 7, 1987    | Socks in Class 25                       | Registered | Renewal was due on April 7, 2007 and the renewal has not been filed. There is a six (6) month grace period until October 7, 2007 in order to file the renewal   |
| LEGMAKERS           | 73/605,625 | June 23,<br>1986     | 1,425,827 | January 20, 1987 | Socks in Class 25                       | Registered | Renewal was due on January 20, 2007 and the renewal has not been filed. There is a six (6) month grace period until July 20, 2007 in order to file the renewal  |
| BAY HEAD            | 73/458,861 | December<br>27, 1983 | 1,349,510 | July 16, 1985    | Hosiery in Class 25                     | Registered | Renewal due on July 16, 2015  |
| STS                 | 73/295,834 | February 5,<br>1981  | 1,194,748 | May 4, 1982      | Hosiery in Class 25                     | Registered | Registered  |
| SPORTSCORE          | 73/030,772 | August 30,<br>1974   | 1,016,773 | July 29, 1975    | Eyeglass and retainer straps in Class 9 | Abandoned  | Renewal due on May 4, 2012  |

TRADEMARK

|   |            |                    |           |                   |  |  |
|---|------------|--------------------|-----------|-------------------|--|--|
|   |            |                    |           |                   | Socks and sweat bands in Class 25<br>Shoe laces in Class 26<br>Towels treated to impart stickiness to hands and intended for use by participants in sports |  |
| SUPERBILT                                     | 73/014,991 | March 4, 1974      | 1,007,428 | March 25, 1975    | Children's hosiery in Class 25   | Registered<br>Renewal due on March 25, 2015    |
| HOW-ART<br>(Stylized)                         | 72/281,086 | September 25, 1967 | 849,472   | May 21, 1968      | Hosiery, socks, and orlon booties in Class 25  | Abandoned                                      |
| TOESTERS                                      | 72/277,476 | August 3, 1967     | 848,219   | April 30, 1968    | Men's hosiery in Class 25  | Registered                                     |
| FIRE HOSE                                     | 72/262,837 | January 19, 1967   | 833,400   | August 8, 1967    | Men's socks in Class 25  | Renewal due on April 30, 2008<br>Registered    |
| L'MISTY MISS<br>(Stylized)                    | 72/262,657 | January 17, 1967   | 839,190   | November 21, 1967 | Hosiery in Class 25  | Renewal due on August 8, 2007<br>Registered    |
| SOF-SHU 'THE SOCK THAT'S SOLED'<br>(Stylized) | 72/260,448 | December 9, 1966   | 842,646   | January 16, 1968  | Boy's cotton and crew socks in Class 25  | Renewal due on November 21, 2007<br>Registered |
| SUPERBILT<br>(Stylized)                       | 71/620,828 | November 2, 1951   | 573,051   | April 7, 1953     | Children's hosiery in Class 25   | Renewal due on January 16, 2008<br>Abandoned   |

TRADEMARK

Canadian Trademark Applications Owned by Paul Lavitt Mills, Inc.

| Mark            | Serial No. | Filing Date        | Registration No. | Registration Date | Goods                               | Status  |
|-----------------|------------|--------------------|------------------|-------------------|-------------------------------------|---|
| SUPER SOX       | 1315231    | September 1, 2006  | N/A              | N/A               | Socks, hosiery in Class 25          | Pending<br>Response to Office Action was due on June 23, 2007                               |
| TIMBER FALLS    | 1309662    | July 19, 2006      | N/A              | N/A               | Socks in Class 25                   | Pending<br>Application was published for opposition purposes on April 18, 2007              |
| THE RIGHT TRAIL | 1273442    | September 26, 2005 | N/A              | N/A               | Socks in Class 25                   | Pending<br>Application has been allowed and Declaration of Use is due on September 26, 2008 |
| SUPERBILT       | 1273371    | September 26, 2005 | N/A              | N/A               | Clothing apparel; socks in Class 25 | Pending<br>Exact status unclear from the records  |

TRADEMARK

REEL: 003612 FRAME: 0361

FILED & JUDGMENT ENTERED  
David E. Weich  
  
Mar 15 2007  
  
Clerk, U.S. Bankruptcy Court  
Western District of North Carolina



J. Craig Whitley  
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION**

In re: )  
)  
**PAUL LAVITT MILLS, INC.,** )  
)  
Alleged Debtor )  
\_\_\_\_\_ )

Case No. 07-50147

**ORDER GRANTING THE CIT GROUP/COMMERCIAL SERVICES, INC.'S MOTION FOR RELIEF FROM STAY**

THIS CAUSE came on for an expedited hearing before the undersigned Bankruptcy Judge of the United States Bankruptcy Court for the Western District of North Carolina on March 12, 2007 upon the motion (the "Motion")<sup>1</sup> filed herein on March 8, 2007 by The CIT Group/Commercial Services, Inc. ("CIT"), a secured creditor of Paul Lavitt Mills, Inc. (the "Alleged Debtor"), pursuant to § 362(d) of the Bankruptcy Code (the "Code"), 11 U.S.C. § 101 et seq., for relief from the automatic stay imposed by Code § 362(a) to permit CIT to exercise its rights and remedies as a secured party, including, but not limited to, its rights to collect accounts

<sup>1</sup>All capitalized terms used in this Order without definition shall have the meanings ascribed to such terms in the Motion.

EXHIBIT " B "

receivable and foreclose on and liquidate its collateral, or alternatively, for an entry of an order suspending or dismissing this case pursuant to § 305(a) of the Code.

Appearing at the hearing were June L. Basden, Esq., counsel to CIT; Bradley E. Pearce, Esq., counsel to the Petitioning Creditors; and Cotten Wright, Esq., counsel to Paul Lavitt and Arthur Lavitt. Having reviewed the Motion, the Objection of the Petitioning Creditors filed herein on March 12, 2007, the record of this case, and having heard the statements of all counsel present at the hearing on the Motion, the Court finds and concludes that CIT has shown good cause for the granting of the Motion for relief from the automatic stay and that the Motion for relief from the automatic stay should be granted. Accordingly, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is hereby granted as to CIT's request for relief from the automatic stay.
2. CIT is hereby granted relief from the automatic stay of § 362 of the Bankruptcy Code to exercise any and all of its rights and remedies with respect to the CIT Accounts and Collateral, including its rights to collect accounts receivable and its rights to foreclose on and liquidate the other property comprising the CIT Accounts and Collateral, and to take such other action as CIT deems necessary and appropriate in connection therewith.
3. The rights of the Alleged Debtor, the Petitioning Creditors, any Chapter 7 trustee appointed in this case, and Arthur Lavitt and Paul Lavitt to challenge the validity, priority and enforceability of the liens and security interests held by CIT in the CIT Accounts and Collateral or the amounts due to CIT under the Factoring Documents are preserved.

4. Following the giving of notice of CIT's foreclosure of the CIT Accounts and Collateral as may be required by applicable law and upon CIT's acceptance of an offer to liquidate the inventory, the general intangibles and any other property owned by the Alleged Debtor comprising a part of the CIT Accounts and Collateral, CIT shall file with this Court a Notice of Intended Disposition (the "Notice"), which Notice shall include: the name of the recommended liquidator or purchaser; the property to be liquidated or sold; the sale or purchase price for such property; the terms of payment of the sale or purchase price; and any other relevant information. The Notice shall be filed as a "no protest" notice and shall be served on counsel to the Petitioning Creditors, counsel to Paul Lavitt and Arthur Lavitt, any parties which have liens in the property to be liquidated and any persons requesting notices in this case, which service may be by facsimile or electronic means. Any notice sent and given in the foregoing manner shall be deemed effective when sent, if sent on a business day and, if not sent on a business day, then on the next business day. The Notice shall provide that any objections to the matters described in the Notice must be filed with this Court within five (5) days of the service of the Notice. Any objection must be specific as to the nature of the objection. If no objections are filed within such five (5) day period, the matters set forth in the Notice shall be deemed acceptable to all parties receiving such Notice and each such party waives any further objection thereto. If an objection is filed within such five (5) day period, the Court will, as soon as practicable, and within twenty-four (24) hours if possible, schedule a hearing to hear such objections.

5. The Court retains jurisdiction to enforce the provisions of this Order and as to all other matters related to this case.

This order has been signed electronically.  
The Judge's signature and court's seal  
appear at the top of the Order.

United States Bankruptcy Court

FILED & JUDGMENT ENTERED  
 David E. Weich  
 May 15 2007  
 Clerk, U.S. Bankruptcy Court  
 Western District of North Carolina



*J. Craig Whitley*

J. Craig Whitley  
 United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
 FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
 WILKESBORO DIVISION

|                         |   |                   |
|-------------------------|---|-------------------|
| IN RE:                  | ) | Case No. 07-50147 |
|                         | ) |                   |
| PAUL LAVITT MILLS, INC. | ) | Chapter 7         |
|                         | ) |                   |
| Debtors                 | ) |                   |
|                         | ) |                   |

**ORDER DISMISSING CASE**

**THIS MATTER** came on for consideration before the undersigned United State Bankruptcy Judge pursuant to the Order issued by the Court directing officers of the Debtor Corporation to appear and show cause as to why schedules and statements in this involuntary case have not been filed. The record shows that this case was commenced by the filing of an involuntary petition on 21 February 07. No opposition to the petition was filed, and on 29 March 07 an order for relief under the provisions of Chapter 7 of Title 11 of the United States Code was entered against the Debtor Corporation.

Barrett Crawford was originally appointed as Trustee, but rejected the appointment due to a conflict of interest. Subsequently, James Ward was appointed as Chapter 7 Trustee.

When the matter came on for consideration on the Court's Order to Appear and Show Cause, Bank of Granite appeared through its counsel, R. Keith Johnson, and Barrett Crawford appeared on behalf of his client, a landlord of the Debtor Corporation. Bank of Granite is a large secured creditor in the case, being secured by equipment, furniture, and fixtures.

Johnson reported to the Court that he had spoken to James Ward, the Trustee, Bradley E. Pearce, the attorney for the petitioning creditors, Joseph W. Grier, III, attorney for Arthur Lavitt (President of the Debtor Corporation), and that none of the parties expressed an opposition to dismissal of the case. Dismissal is one of the options available to the Court, pursuant to the order directing the Debtor to appear and show cause, which serves as a notice that the Court may take one of several actions. Barrett Crawford spoke in favor of a dismissal, on behalf of his client.



Based upon the record in this case, and based upon the statements of counsel, it appears that there are no unencumbered assets for the benefit of unsecured creditors in this case, and that this is most likely a no-asset Chapter 7 case. Additionally, if there are any unencumbered assets they would be of a minimal value, and in light of approximately \$3,000,000.00 in unsecured debt, it would be extremely difficult for the Trustee to be able to propose a meaningful dividend.

Based upon all of the foregoing, this Court is of the opinion that dismissal of this case would be in the best interest of the creditors of the estate, and in the best interest of the Debtor.

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that this Chapter 7 case of Paul Lavitt Mills, Inc. shall be and the same is hereby **DISMISSED**.

This Order has been signed electronically. The judge's signature and court's seal appear at the top of the Order

United States Bankruptcy Court

**NOTICE OF DISPOSITION OF COLLATERAL  
AT PUBLIC FORECLOSURE SALE**

**Sent by Certified Mail, Return Receipt Requested, and by First Class Mail**

**To: Paul Lavitt Mills, Inc.  
1517 F Avenue SE  
Hickory, NC 28602-1358**

**Paul Lavitt  
7458 Bondsbery Court  
Boca Raton, FL 33434**

**Paul Lavitt  
2082 Second Street NW  
Hickory, NC 28601**

**Arthur Lavitt  
7235 Governors Row  
Charlotte, NC 28277**

**From: The CIT Group/Commercial Services, Inc.  
301 S. Tryon St.  
Charlotte, NC 28202**

**NOTICE IS HEREBY GIVEN THAT on June 5, 2007 at 10:00 a.m., The CIT Group/Commercial Services, Inc. (the "Secured Party") will sell, in accordance with the provisions of § 9-601 et seq. of the Uniform Commercial Code all of the right, title and interest of Paul Lavitt Mills, Inc. (the "Debtor") in the property described below (the "Collateral") owned by the Debtor to the highest bidder at a public sale to be conducted at the offices of Carruthers & Roth, P.A., 235 North Edgeworth Street, Greensboro, North Carolina 27401:**

**All merchandise, inventory and goods, and all additions, substitutions and replacements thereof, wherever located, together with all goods and materials used or usable in manufacturing, processing, packaging or shipping same; in all stages of production --from raw materials to work-in-process to finished goods --and proceeds of whatever sort.**

**All accounts, instruments, chattel paper, contract rights and general intangibles, and products and proceeds thereof.**

**Pursuant to a Factoring Agreement, dated December 4, 1979, as amended, and an Inventory Security Agreement, dated September 15, 2004, executed by the Debtor, the Debtor has granted the Secured Party a lien and security interest in the Collateral to secure the indebtedness owing by the Debtor to the Secured Party (the "Indebtedness"). The current principal balance**

owing to the Secured Party as of the date hereof is \$600,053.24, plus accrued and accruing interest, costs and fees, including attorneys' fees. The Debtor is in default of its obligations to the Secured Party which are secured by the Collateral.

The sale of the Collateral shall be subject to all taxes and liens and other encumbrances (if any) which may have priority over the lien and security interest of the Secured Party. Any buyer wishing to make an offer for the Collateral may do so. The Collateral will be sold for such price and upon such terms as shall be acceptable to the Secured Party.

The Secured Party does not make any warranties or representations as to the existence, quantity, quality or nature of any of the types or items of the Collateral to be sold. **THE COLLATERAL WILL BE SOLD AS IS, WHERE IS AND WITH ALL FAULTS AND WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND SHALL BE SUBJECT TO ALL PRIOR LIENS AND CLAIMS.**

The Debtor is entitled to an accounting of the unpaid Indebtedness secured by the Collateral that the Secured Party intends to sell at the Sale. The Debtor may request an accounting by calling the attorney for the Secured Party at the telephone number set forth below.

Dated May 25, 2007.

THE CIT GROUP/COMMERCIAL SERVICES,  
INC.

By: 

June L. Basden  
One of its Attorneys

OF COUNSEL:

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